



**STATEMENT OF PROCEEDINGS  
FOR THE REGULAR MEETING OF THE  
LOS ANGELES COUNTY AUDIT COMMITTEE  
KENNETH HAHN HALL OF ADMINISTRATION  
500 WEST TEMPLE STREET, ROOM 525  
LOS ANGELES, CALIFORNIA 90012**

**Wednesday, December 18, 2013**

**10:30 AM**

AUDIO LINK FOR THE ENTIRE MEETING. (14-0065)

**Attachments:**    [AUDIO](#)

Present:            Chair Dorinne Jordan, Member Louisa Ollague, Member  
                         Kieu-Anh King and Member Lori Glasgow

Excused:          Vice Chair Carl Gallucci, Member Nedra Jenkins, Member  
                         Francisco Chabran, Member Lisa Mandel, Member Michelle  
                         Vega and Vice Chair Nick Ippolito

Call to Order. (13-5655)

**The meeting was called to order by Dorinne Jordan at 10:40 a.m.**

**I. ADMINISTRATIVE MATTERS**

1. Reorganization of Audit Committee. (13-5822)

**On motion of Lori Glasgow, seconded by Dorinne Jordan, Carl Gallucci was elected Chair. On motion of Louisa Ollague, seconded by Dorinne Jordan, Lori Glasgow was elected Vice Chair.**

2. Approval of the November 20, 2013 meeting minutes. (13-5656)

**On motion of Kieu-Anh King, seconded by Louisa Ollague, this item was approved.**

**Attachments:**    [SUPPORTING DOCUMENT](#)

**II. BOARD POLICY**

3. Recommendation to approve amendments to Board Policy No. 3.020 - Clean Fuel Program and extend the sunset review date to February 18, 2016 (12/9/13). (13-5821)

**On motion of Kieu-Anh King, seconded by Louisa Ollague, this item was approved.**

**Attachments:**    [SUPPORTING DOCUMENT](#)

**III. OLD BUSINESS**

4. Recommendation to approve amendments to Board Policy No. 5.053 - Evaluation of Vendors/Contractors Engaged in Mergers or Acquisitions and extend the sunset review date to December 13, 2017 (10/1/13) (Continued from meetings of 10/16/13, 11/20/13 and 12/18/13). (13-4768)

**Louisa Ollague indicated that there is a need to incorporate language regarding workers' compensation issues, related to contract employees, to this policy and possibly other policies. Auditor Controller was asked to contact County Counsel and provide an update at the next meeting.**

**On motion of Dorinne Jordan, seconded by Louisa Ollague, this item was continued to the next meeting.**

**Attachments:**    [SUPPORTING DOCUMENT](#)

5. Recommendation to approve amendments to Board Policy No. 9.040 - Investigations Of Possible Criminal Activity Within County Government (11/14/13). (Continued from meeting of 11/20/13). (13-5378)

**On motion of Kieu-Anh King, seconded by Louisa Ollague, this item was approved.**

**Attachments:**    [SUPPORTING DOCUMENT](#)

6. Sunset Review for the Los Angeles County Labor-Management Advisory Committee on Productivity Enhancement (9/30/13) (Continued from meetings of 10/16/13, 11/20/13 and 12/18/13). (13-4766)

**Lori Glasgow expressed concern with the Audit Committee having authority over the Labor-Management Advisory Committee. Robert Smythe, Auditor-Controller, suggested that the Audit Committee consult with County Counsel to clarify jurisdiction issues.**

**Michelle Romero, Auditor-Controller, reported that a Memorandum of Understanding was presented to her team when the review was being**

conducted. Discussion ensued regarding the Audit Committee's ability to sunset the Labor-Management Advisory Committee. Wendy Watanabe, Auditor-Controller, advised that her office will work together with the Chief Executive Office and report back.

On motion of Louisa Ollague, seconded by Lori Glasgow, this item was continued to next meeting.

Attachments:    [SUPPORTING DOCUMENT](#)

7.    Review of LAC+USC Healthcare Network Patient Valuables (9/12/13) (Continued from the meetings of 10/16/13 and 11/20/13). (13-4641)

On motion of Dorinne Jordan, seconded by Louisa Ollague, this item was received and filed.

Attachments:    [SUPPORTING DOCUMENT](#)

8.    Sheriff's Department - Equipment and Supply Warehousing Review (9/17/13) (Continued from meetings of 10/16/13 and 12/18/13). (13-4644)

Dorinne Jordan asked that this item be referred to the Public Safety cluster for review.

On motion of Dorinne Jordan, seconded by Kieu-Anh King, this item was continued to the next meeting.

Attachments:    [SUPPORTING DOCUMENT](#)

9.    Department of Mental Health - Pharmacy Operations (9/25/13) (Continued from meetings 10/16/13, 11/20/13 and 12/18/13). (13-4653)

Roderick Shaner, Department of Mental Health (DMH), provided an overview of the Indigent Medication Program (IMP) and explained that the program was established to provide medication to patients who could not otherwise afford it. Mr. Shaner continued by explaining the DMH's role in the process, including the DMH's attempt to assist the program in reaching a larger scale of uninsured clients.

Dorinne Jordan posed questions about allocation of surplus medications and whether a liability issue may be presented with the retention or distribution of surplus medication. The Committee also expressed concern with possible liability issues if the medication is considered a donation. Stephanie Reagan, County Counsel, reported that the surplus medications are not kept by DMH and are utilized for other clients in the

**IMP.** Ms. Reagan added that beneficiaries of the medications are the patients, not DMH, therefore, it should not be considered as a donation.

Terri Kasman, Auditor Controller, reported that clarification is needed on whether the medications should be considered donations and should be accounted in DMH's budget. Discussion ensued among Ms. Reagan and the Committee with regard to different scenarios that may categorize the medication as a donation.

On motion of Dorinne Jordan, seconded by Louisa Ollague, this item was continued to the next meeting.

Attachments:    [SUPPORTING DOCUMENT](#)

- 10.** Los Angeles Urban League - Pomona - A Community and Senior Services' Workforce Investment Act Program Contract Service Provider - Contract Compliance Review - Fiscal Year 2012-13 (9/26/13) (Continued from meetings 10/16/13, 11/20/13 and 12/18/13). (13-4654)

**This item was discussed in conjunction with Agenda Item No.11.**

Arlene Barrera, Auditor-Controller, reported that the agency's audit staff is finalizing their current year review and a repayment plan has not been put in place.

Don Chadwick, Auditor-Controller, reported that as a result of Community and Senior Services' (CSS) concerns with their fiscal organization, the Auditor-Controller conducted an audit report for FY 2012-13. Auditor-Controller staff was asked to provide a status of the agency's reorganization. Don Chadwick reported that CSS may take stronger actions than suspending payments for the agency.

Louisa Ollague expressed concern with services provided for December 2013 although payments have been suspended for the agency and asked Auditor-Controller staff to provide the Committee with an update. The update should include whether payments were suspended due to delinquent property taxes.

On motion of Louisa Ollague, seconded by Dorinne Jordan, this item was continued to the next meeting.

Attachments:    [SUPPORTING DOCUMENT](#)

11. Los Angeles Urban League - South Central - A Community and Senior Services' Workforce Investment Act Program Contract Service Provider - Contract Compliance Review - Fiscal Year 2012-13 (9/26/13) (Continued from meetings of 10/16/13, 11/20/13 and 12/18/13). (13-4655)

**This item was discussed with Agenda Item No. 10.**

**On motion of Louisa Ollague, seconded by Dorinne Jordan, this item was continued to the next meeting.**

Attachments: [SUPPORTING DOCUMENT](#)

12. Review of Rancho Los Amigos National Rehabilitation Center's Affinity-Hospital Information System (9/26/13) (Continued from the meetings of 10/16/13 and 11/20/13). (13-4656)

**On motion of Kieu-Anh King, seconded by Louisa Ollague, this item was received and filed.**

Attachments: [SUPPORTING DOCUMENT](#)

13. Department of Parks and Recreation - Review of Proposition A Contract Cost Analysis for Maintenance Services at La Puente Area Parks (9/26/13) (Continued from the meetings of 10/16/13, 11/20/13 and 12/18/13). (13-4657)

**In response to questions posted by Kieu-Anh King regarding the methodology utilized, Nancy Neville, Auditor Controller (A-C), reported that overall, the Department of Parks and Recreation (DPR) utilized the appropriate methodology however, there were specific areas that needed to be strengthened. Kieu-Anh King asked that A-C and DPR staff report back in six months and provide a status on whether or not DPR has updated their tables and methodology to ensure accuracy.**

**On motion of Kieu-Anh King, seconded by Lori Glasgow, this item was continued to the May 2014 meeting.**

Attachments: [SUPPORTING DOCUMENT](#)

14. The Office of the Assessor - Quarterly Status Report on Management Audit Recommendations (Board Agenda Item 47, January 8, 2013) (10/2/13) (Continued from meetings of 10/16/13, 11/20/13 and 12/18/13). (13-4767)

**On motion of Lori Glasgow, seconded by Kieu-Anh King, this item was continued to the next meeting.**

Attachments: [SUPPORTING DOCUMENT](#)

- 15.** Department of Public Health - Drug Medi-Cal Program Audit (Board Agenda Item 5, August 13, 2013) (10/18/13) (Continued from meetings 11/20/13 and 12/18/13). (13-5068)

**Don Chadwick, Auditor-Controller (A-C), reported that the Department of Public Health (DPH) agreed with all of the findings reflected in the audit report. Mr. Chadwick provided an overview of the Drug Medi-Cal (DMC) and other DPH related programs with regard to disallowed funding and the allocation of state and federal funding. Mr. Chadwick also reported that the A-C's recommendations for DMC programs include better internal controls, better billing practices and better communication. It was suggested to DPH to conduct a management audit of the Substance Abuse Prevention and Control (SAPC) Unit to determine what controls are applicable.**

**Kieu-Anh King expressed concern regarding DPH's inability to monitor contracts and asked Auditor-Controller staff to assist them with their internal audit.**

**Arlene Barrera, A-C, reported that most of the problems were found in the SAPC Unit and an independent review would be the best approach however they cannot force DPH to conduct the review.**

**In response to questions posed by Kieu-Ahn King, Mr. Chadwick reported that contract monitoring positions available in the Department of Children and Family Services (DCFS) have created hiring difficulties for monitoring positions at DPH. The DMC claiming process needs to be revised to include further input from the County prior to approval or rejection by the State.**

**On motion of Kieu-Anh King, seconded by Louisa Ollague, this item was continued to the next meeting to allow the DPH to be present.**

**Attachments:**    [SUPPORTING DOCUMENT](#)

- 16.** Department of Health Services - Contract Management Review and Contract Monitoring Assistance (11/4/13) (Continued from meetings 11/20/13 and 12/18/13). (13-5236)

**Auditor-Controller staff was asked to determine the extent of similar weaknesses in other departments. Kieu-Anh King requested that Department of Health Services Contract Management Staff be invited to attend the next meeting.**

**By common consent, there being no objection, this item was continued to the next meeting.**

**Attachments:**    [SUPPORTING DOCUMENT](#)

#### **IV. REPORTS**

17.    Fiscal Year 2013-14 First Quarter Report on Audit-Related Funding Transferred from General Fund Departments (11/19/13). (13-5452)

**Robert Smythe, Auditor-Controller, reported that Audit costs are currently under budget.**

**By common consent, there being no objection, this item was received and filed.**

**Attachments:**    [SUPPORTING DOCUMENT](#)

18.    District Attorney's Asset Forfeiture Fund (11/19/13). (13-5459)

**On motion of Kieu-Anh King, seconded by Louisa Ollague, this item was received and filed.**

**Attachments:**    [SUPPORTING DOCUMENT](#)

19.    Department of Health Services - Health Services Administration Payroll/Personnel Review (12/03/13). (13-5649)

**On motion Louisa Ollague, seconded by Kieu-Anh King, this item was received and filed.**

**Attachments:**    [SUPPORTING DOCUMENT](#)

20.    Public Health Foundation Enterprises, Inc. - A Department of Public Health HIV/AIDS Prevention and Care Services Provider - Contract Compliance Review (12/3/13). (13-5654)

**On motion Louisa Ollague, seconded by Kieu-Anh King, this item was received and filed.**

**Attachments:**    [SUPPORTING DOCUMENT](#)

21.    Contractor Alert Reporting Database - Implementation Status Report (12/10/13). (13-5841)

**In response to questions posed by Louisa Ollague, Kenyatta Ortega of the Department of Public Social Services (DPSS), stated that the report for Southern California Alcohol and Drug Programs (SCADP), Inc.**



was released recently and it is being reviewed by DPSS. Ms. Ortega was asked to provide an update for (SCADP).

Jason Stempinski, Auditor-Controller, provided an overview of steps taken by departments for the Contractor Alert Reporting Database (CARD). Mr. Stempinski was asked to provide a list of seven remaining contractors on CARD.

The Committee requested that the CARD schedule provided by Auditor-Controller also include the following criteria:

- Supervisorial Districts
- Contractors that Auditor-Controller recommends be added on CARD
- Contractors that have been taken off of CARD
- Contractors being debarred
- Departments that are contracting with the same provider

The Committee expressed concern with contractors that may be in CARD or have been in CARD and departments that are not aware.

Mr. Stempinski reported that language may be strengthened, with regard to disclosure of being in CARD, in the next CARD manual revision. Mr. Stempinski added that there are approximately 30 departments with contracts. Mr. Stempinski was asked to provide a list of all the departments that are not participating in CARD but have contracts.

On motion of Louisa Ollague, seconded by Kieu-Anh King, this item was received and filed.

Attachments:    [SUPPORTING DOCUMENT](#)

## **V. DISCUSSIONS**

### **22. Pending Audits/Monitoring Reports. (13-5657)**

Wendy Watanabe, Auditor-Controller, provided a brief overview of the recent audits and reports what will be issued. Ms. Watanabe also identified items that will be discussed during closed session.

Don Chadwick, Auditor-Controller, reported that the living wage annual report will be issued by the Internal Service Department in February 2014 and stated that the Auditor-Controller's role is to calculate a proposed living wage raise.



23. Discuss possible alternatives to process sensitive audit reports (Continued from meetings of 7/17/13, 8/21/13, 9/18/13, 10/16/13 and 11/20/13). (13-3211)

**There was no discussion on this item.**

**VI. MISCELLANEOUS**

24. Matters not on the posted agenda (to be Presented and Placed on the Agenda of a Future Meeting). (13-5658)

- 24A. **At the request of Committee members, an item regarding the Audit Committee's schedule of future meetings will be included on the next meeting agenda for discussion and appropriate action. (14-0266)**

25. Public Comment. (13-5659)

**No members of the public addressed the Committee.**

26. Adjournment. (13-5660)

**There being no further business to discuss, the meeting adjourned at 12:00 p.m.**